

## No hurry to set a new collective goal on finance, say developed countries

Bangkok, 6 September (TWN)- Developed countries are refusing to determine a process for setting a new collective quantified goal on finance under the Paris Agreement (PA), claiming that it was too early in the process to deal with this.

This was the unified stance they took at the on-going climate talks in Bangkok which began on Sept. 4 and is scheduled to end on 9 Sept.

The Parties are working to produce a negotiating text to enable agreement end of the year at the 24<sup>th</sup> meeting of the Conference of Parties to the UNFCCC (COP 24) on guidelines to implement the PA.

One of the crucial issues that has been pushed by developing countries is to initiate a process on setting a new collective quantified goal on finance, that takes into account their needs and priorities from a floor of USD 100 billion per year, as mandated by a decision agreed to by Parties in Paris in 2015.

(Under paragraph 53 of the Paris decision 1/CP.21, Parties agreed that “...in accordance with Article 9, paragraph 3, of the Agreement... prior to 2025 the Conference of the Parties serving as the meeting of the Parties to the PA [CMA] shall set a new collective quantified goal from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries.”)

Article 9.3 of the PA provides that ‘As part of a global effort, developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds, through a variety of actions, including supporting country driven-strategies, and taking into account the needs and priorities of developing country Parties. Such mobilization of climate finance should represent a progression beyond previous efforts.’)

Discussions on the collective goal took place on 5 Sept. under the Ad Hoc Working Group on the PA (APA) which is facilitated by its Co-chairs **Sara Baashan (Saudi Arabia)** and **Jo Tyndall (New Zealand)**.

Speaking on the issue, **Egypt for G77 and China** underscored that Parties had been dealing with this issue in a very “blasé way” and reminded them that they had agreed to set on a new global goal in the PA. “In paragraph 53, we extended the USD 100 billion goal for another five years, but we also said we will set a new goal. For those who know how the USD 100 billion came about, there are many stories. There is nothing scientific about it. It was political,” said Egypt, stressing that the climate finance scenario was bleak and is far from any progression on finance.

Instead, there has been a regression, said Egypt.

(The mobilization of USD 100 billion per year by 2020 was a decision agreed to in Cancun, Mexico in 2010.)

In reference to the issue of regression in climate finance, Egypt gave the example of the replenishment of the Global Environment Facility (GEF), an operating entity of the Financial Mechanism of the UNFCCC, where the numbers plummeted from around USD 1 billion in the GEF’s 5<sup>th</sup> replenishment to USD 511 million during GEF’s 7<sup>th</sup> replenishment. In the Green Climate Fund (GCF), only USD 7 billion would materialize instead of USD 10.2 billion that was initially pledged, it added.

Egypt emphasized that this was a dismal scenario where Parties would have to go to COP 24, with only “regression” on finance. “That is not the signal you want to send,” warned the G77 and China finance coordinator.

“We need to have progression. How do we get a goal? There is a need to initiate the process, to look at the timeline and to delegate somebody to do the work. We do not want to go to Katowice (the venue of COP 24 in Poland) and say we will wait till 2025 to set the goal,” emphasised Egypt.

Several developed countries were quick to respond that the finance scenario was anything but regressive and added that significant climate finance has been provided to developing countries and that they were committed to meeting the USD 100 billion goal. They also said that the Paris decision did not mandate Parties to set up any process for the finance goal, and therefore it was premature to deal with the issue.

The **United States** and **Canada** also said that Parties should not be distracted from their busy schedules of negotiating the PA Work Programme (PAWP) for the outcome in Poland.

To enable Parties to make progress on the issue, the APA Co-chairs had prepared a ‘tool’ to capture the status of negotiations held at the last session in Bonn, Germany, that took place in May.

The tool presented comprised of three options:

- The first option was for the CMA to initiate technical work for setting the goal at CMA 2 (2019) or at a future session;
- The second option was that there would be no recommendation from the APA to CMA 1 (the session in Poland), since the CMA did not need to initiate a process but that the role of the CMA was to set the goal.
- The third option was no recommendation from the APA to CMA 1 as it was premature for the CMA to launch work on this matter.

**South Africa** for the **African Group** emphasized that the idea was to take a decision now, especially in relation to the technical work and mandating the UNFCCC’s Subsidiary Body for Implementation (SBI) to come back on the matter at CMA 2.

Speaking for the **Arab Group**, **Saudi Arabia** said it preferred option 1, with the addition of a timeline and that the Standing Committee on Finance (SCF) should be mandated to undertake the task. It said that the process needs to begin now because Parties would need to be aware of the information needed on finance in order to raise ambition. Addressing developing countries in the room, Saudi Arabia referred to the GCF to say it

was an example of the regression of the political will from developed countries.

**Belize** for the **Alliance of Small Island States** reiterated that initiating a process was important for predictability and for countries to be prepared to address adaptation and loss and damage.

**Malawi** for the **Least Developed Countries (LDCs)** said a process should be instituted based on science and countries’ needs.

**Argentina, for Argentina, Brazil and Uruguay**, said it supported option 1.

**Peru** for the **Alliance of Latin America and the Caribbean (AILAC)** said that a technical process should begin at CMA 2, with a view to informing the decision at a future date, either in 2023 or 2024.

**China** said it preferred option 1, and there was room for further improvement in this regard. It said the provision of a new collective goal was linked closely to Article 9.3 of the PA and wanted that to be reflected in the text. It also added that there was a need to invite a body to do the job. It could either be the SCF, or the SBI, or the SBI and Subsidiary Body for Scientific and Technological Advice (SBSTA) together.

China also stressed that it would be important to have a timeline to conclude the process, which should be initiated at COP 24.

**India** expressed concern regarding claims that finance flows were on track and said that it would be difficult to establish that the flows were new and additional. It also said that if the existing trend were any indicators, it appeared that the regressive path would continue.

The **Philippines** said that Parties need to define the goal and the process for this should be done at the earliest time.

The **European Union (EU)** said that it disagreed with the picture of regression and that it had increased its financial contributions. At the same time, however, the EU added that while they were committed to the Paris decision in relation to the collective goal, but that the decision did not speak of a timeframe or that a process be initiated for the goal.

**Switzerland** said they preferred a combination of options 2 and 3. It added that the CMA had a role to set a goal but that it was too early to set a goal for 2025, especially since “we do not know how the future will play up”. It also added that it had increased its financial contributions and countered

the notion that there was regression in climate finance.

**Norway** said that there were no indications that climate finance was doing down and that Parties were trying their best to deliver on the USD 100 billion goal. It also said that it was too early to initiate discussions on the issue and that it could not support option 1.

**Japan** said that focus of work should be on meeting the existing USD 100 billion goal, adding that the Paris decision “does not say we need to elaborate on a specific process.” It also preferred option 2 to be the way forward.

**Australia** said it was too early to start talking about such a distant date and that they should not get distracted from the work of the PAWP.

The **US**, (which has announced its intention of not contributing to the GCF any more), said Parties had a very busy schedule and that it did not see any basis for adding work related to the collective goal

to the PAWP. It said it supports option 2 and that there was no basis for any recommendation to CMA 1.

Following the deliberations, **China** offered the proposal to streamline the options by merging options 2 and 3 as the options were the same but the reasons for them were different and citing the reasons was not needed. It also said that the G77 and China were working on a text proposal for option 1.

In response, the **US** said that options 2 and 3 were distinct and they would like to keep them separate.

Discussions on the collective goal are expected to continue later in the week.

Work on other agenda items of the PAWP continued throughout the day, as Parties make efforts to agree on a negotiating text for Poland.